

Message Text

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47

ACTION ARA-20

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FM AMEMBASSY MONTEVIDEO

TO SECSTATE WASHDC 6473

C O N F I D E N T I A L MONTEVIDEO 1200

E.O. 11652: GDS

TAGS: PFOR, EIND, OAS, UY

SUBJ: ESTABLISHMENT OF THE MFM WORKING GROUP ON
TRANSNATIONAL CORPORATIONS

REF: STATE 092124

1. SUMMARY: THE GOU IS IN GENERAL AGREEMENT WITH THE SCENARIO FOR A WORKING GROUP ON TRANSNATIONAL CORPORATIONS(TNCS) PROPOSED IN REFTEL PARAGRAPH 5. THE GOU FONOFF CONFRONTS A HEAVY SCHEDULE OF INTERNATIONAL MEETINGS IN JUNE AND EARLY JULY, WITH PERSONNEL RESOURCES SPREAD THIN ESPECIALLY IN ITS ECONOMIC AND COMMERCIAL DEPARTMENT. BUT THE FONOFF REPRESENTATIVE (POSSIBLY DR. JOSE ARANEO) TO WASHINGTON TALKS ON REFORM OF THE OAS CHARTER, SCHEDULED FOR JUNE, MIGHT ALSO REPRESENT THE GOU AT THE ORGANIZATIONAL MEETING FOR THE WORKING GROUP. END SUMMARY

2. THE FONOFF SEES THE GOU AS OCCUPYING AN INTERMEDIATE POSITION ON TNCS, BETWEEN THE US POSITION AS HOME BASE FOR MANY SUCH CORPORATIONS AND THOSE LA COUNTRIES WHERE THE PRESENCE OF TNCS HAS CAUSED PROBLEMS. TNCS IN URUGUAY DO NOT OPERATE IN EXTRACTIVE OR OTHER FIELDS WHERE DISPUTES WITH HOST COUNTRIES OFTEN ARISE.

3. THE GOU RECOGNIZES THAT TNCS CAN BECOME SO POWERFUL
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IN AN LDC AS TO EXERT DECISIVE EFFECTS ON THE HOST COUNTRY'S

ECONOMY WITH THEIR OWN ACTIONS AND IN EFFECT LIMIT THE LDC'S EXERCISE OF SOVEREIGNTY OVER ITS OWN TERRITORY AND RESOURCES. BUT THE GOU ALSO RECOGNIZES THE USEFUL ROLE TNCS CAN PLAY IN DEVELOPING AN LDC ECONOMY.

4. THERE ARE TIMES WHEN THE GOU FEELS OBLIGED, OUT OF SOLIDARITY WITH FELLOW-LDCS, TO GO ALONG WITH RESOLUTIONS IN INTERNATIONAL FORUMS THAT ARE UNDULY HOSTILE TO TNCS OR TO OTHER MANIFESTATIONS OF THE ECONOMIC POWER OF INDUSTRIAL NATIONS. BUT ON THOSE OCCASIONS THE GOU TRIES TO PLAY A MODERATING ROLE BY TONING DOWN THE LANGUAGE AND ARGUING FOR MORE BALANCE PRESENTATIONS.

5. THE FONOFF HAS AN OPEN MIND TOWARD SECRETARY KISSINGER'S PROPOSAL FOR INTERNATIONAL MACHINERY TO CONCILIATE CONFLICTS ARISING BETWEEN TNCS AND LA COUNTRIES. IT REMAINS TO BE SEEN HOW THIS MACHINERY MIGHT BE FORMED AND HOW EFFECTIVE IT COULD BE MADE. ALL SUCH MATTERS MIGHT BE PROPER ITEMS FOR CONSIDERATION WITHIN THE SCOPE OF THE WORKING GROUP.

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